



Office of the TOWN MANAGER

**DAVID E. COX**

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April 2, 2021

VIA EMAIL

**TOWN COUNCIL**

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Members of the Finance, Revenue and Bonding Committee  
State of Connecticut

Re: HB 6655 Municipal Taxation and Incentivizing Regionalization

I have reviewed the proposed legislation establishing limits on Municipal Taxation and Incentivizing Regionalization and have concerns about its negative impacts on the Town of East Hampton. Please register my opposition to this legislation as proposed.

The proposed legislation calls for a cap on the municipality's tax levy in the amount of 2.5% of the Net Grand List. Based on information in the Town's currently proposed FY 22 budget, such a cap would require the Town to cut its budget by about \$11 million or 22%. Such reductions are simply unrealistic without eliminating or severely hampering the most basic of Town services including public safety and education. That figure represents about 90% of the Town's general government operating budget excluding debt service and education.

The legislation suggests efforts to support regionalization. While I applaud those efforts, even with State supported grants, any regionalization must make sense organically for the municipalities involved. If the Town of East Hampton were able to regionalize its entire governmental operation including education, it would be eligible for about \$3.6 million in State grants; mostly on the education side of the ledger. That would require regionalization to realize over \$7 million in savings to maintain current service levels. That constitutes a savings of 15% of the Town's proposed budget. I am not sure that is achievable and certainly not within one year.

I acknowledge that the legislation creates new funding opportunities for municipalities in the form of local sales and income taxes in addition to other forms. This not only is merely transferring one tax to another, but it is developing a local tax with which we have no experience and no structure with which to levy them. Additionally, creating a system that relies on local sales or income taxes may lead to new disparities among municipalities as now we will "compete" using the fact that some will have lower or no additional taxes as compared with other municipalities. Further benefitting high Net Grand List municipalities at all levels.

The Town of East Hampton is among the many Connecticut municipalities whose budgets are approved by direct votes of the electorate. The residents



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of East Hampton have decided how much they wish to spend on their local government and have had to do so with continuously shrinking support from the State.

While the topic of funding for local government is critical and one in which municipal representatives are willing to participate, the unilateral and unrealistic pronouncements of this legislation are not the way. I truly hope that this legislation will be abandoned and that a dialogue regarding a long-term fix is begun.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read 'David E. Cox'.

David E. Cox  
Town Manager